



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Waukesha Bankshares Inc/Sunset Bank & Savings

Person to be contacted regarding this report:	John Udvardi/Exec VP-CFO
CPP Funds Received:	\$5,625,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	6/26/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	2756776
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	35043
City:	Waukesha
State:	Wisconsin

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Increased levels of lending. Also allowed us to modify existing loans to borrowers in effort to help them maintain their properties instead of seeking foreclosures process. A substantial number of loans were modified in efforts to help borrowers retain their properties and business.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Generated roughly \$28.4 million in residential lending during period CPP Funds were outstanding of which 25% was FHA loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Have roughly \$3.625M invested at the holding company in investments to help support payment of the dividends due on the CPP Funds. With lending demand down during 1st Quarter 2010 we are able to get better return at Holding Company than if injected as capital to bank.
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reviewed entire loan portfolio during 4th Quarter 2009 and injected roughly \$2,000,000 of CPP funds into bank to obtain and then maintain bank ratios at Tier 1 of 8.04% and Risk weighted ratio at 12.70%

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	During 4th Quarter 2009 charged off non-performing assets in question.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

We were able to avoid decreased lending.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

We would not have been able to modify the loans and continue lending at levels we experienced in the 4th Qtr 2009.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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